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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT

CD NO.

COUNTRY

East Germany

25X1

DATE DISTR.

3 June 1955

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SUBJECT

Fulfilment of the East German Ministry of Heavy Industry Financial Plan in 1954: Profitability

NO. OF PAGES

PLACE **ACQUIRED** NO. OF ENCLS.

25X1

DATE OF INFO.

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 MID 794. OF THE U.S. CODE, AS MERGBED, ITS TRANSMISSION OR REVEL-IVION OF 175 CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON 5 PROHIBITED BY LAW THE REPRODUCTION OF THIS FORM IS PROHIBITED.

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Profitability of Operation:

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1. The profitability aspects (Rentabilitaetssatz) of the Finance Plan, based on the returns from the individual establishments under the Ministry for Heavy Industry and without the turnover or trade taxes, a ounted in 1954 to.. 5.12 %. According to the 1954 plan it should have amounted to...... 8.55 %. In 1953 it amounted to...... 8.73 %. The following table represents the profitability figures subdivided according to Main Administrations within the Mi istry:

Lain Administration	Achieved 1953	Planne d 1954	Achieved 1954
Lignite Electrical Power Gas Auxiliary Establishments Steel Industry Non-ferrous Metal Industry Heavy Chemicals Liquid Fuels Plastics General Chemicals Potash & Non-Metallic Mining Geological Commission Construction Establishments	- 1.99 - 36.67 - 26.91 - 12.70 + 22.10 + 33.84 + 34.70 + 33.80 + 13.45 + 1.09	- 2.95 - 45.96 + 16.20 - 6.67 + 1.22 - 27.23 - 15.73 + 26.93 + 32.12 + 39.85 - 41.112 + 12.85 - 0.10 + 4.84	- 7.24 - 44.03 + 7.94 - 8.07 - 3.11 - 31.07 - 14.63 + 23.78 + 29.66 + 37.47 + 38.33 + 10.71 - 0.55 + 4.79
Ministry Total:	+ 8.73	+ 8.55	† 5.12

2. A comparison of the 1954 figures with those of 1953 does not accurately reflect the earning capacity of the plants since the profitability in 1954 was influenced by certain cost-increasing factors which were not present in 1953. In part these factors were traceable to legislation and in part to influences over which the plants had no control, i.e.

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a) Deterioration of geological conditions with respect to the Main Administration for Pit Coal;

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- b) Increased consumption of electrical current from the western currency areas through the Main Administration for The Electrical Power;
- c) Increased production of products by the Main Administrations for the Steel Industry and Non-ferrous Metal Industries - which involved an undercoverage of costs (Kostenunterdeckung);
- d) Introduction of the petroleum (Mineraloel) tax in the Main Administration for Liquid Fuels, a tax which did not exist in 1953.

However, it is still evident that when the 1954 costs are compared with those of 1953, the profitability of operation of plants under the Ministry for Heavy Industry has declined. The non-achievement of the planned profitability led to the non-fulfillment of the Yield Plan (Ergebnisplan) by 285,290,600.00 DE.

Wage Fund:

3. By a decree of the Ministry for Heavy Industry on the 1954 Economic Plan, dated 28 May 1954, the wage total for the Working Force Plans (Arbeitskraefte-plaene) of the Lain Administrations was cut 40,000.0 TDM The decreased wage fund then amounted to 3,025,196.0 TDM The plants Finance Plans showed a wage fund of 3,056,448.0 TDM Total wages paid out amounted to 3,070,372.0 TDM

The wage fund was therefore exceeded by 45,176.0 TDM Included in this figure were wages paid outside the Working Force Plans, over fulfillment awards (Uebererfuellungspraemien), in the amount of 19,112.0 TDM

The excess therefore amounts to 0.86 % or 26,064.0 TDM

4. The following table represents the wage fund excess payments subdivided **as** to the Main Administrations of the Ministry: (Figures in thousands of DME)

Main Administration	Wage Fund Finance Plan	l- Wage Fund- Work Force Plan	Wage Fund Actually Paid	∔ Excess - Underpayment
Lignite Gas Steel Industry Non-ferrous Metal Industry Auxiliary Plants Heavy Chemicals Liquid Fuels Flastics General Chemicals Fotash-Mon-Netallic Mining	550,412.0 163,864.0 232,751.0 24,790.0 439,964.0 272,325.0 31,596.0 436,836.0 203,208.0 261,204.0 32,491.0 145,701.0	543,688.0 159,880.0 230,032.0 24,267.0 430,677.0 272,608.0 30,857.0 433,295.0 202,004.0 258,936.0 31,421.0 146,112.0	546,897.0 163,281.0 227,715.0 24,708.0 441,179.0 279,268.0 31,244.0 440,497.0 202,134.0 262,988.0 31,328.0 145,230.0 2,846,569.0	+ 3,209.0 + 3,401.0 - 2,317.0 + 441.0 + 10,503.0 + 6,660.0 + 487.0 + 7,202.0 + 130.0 + 4,052.0 - 93.0 - 883.0 + 32,791.0
Wages paid outside the Work (Webererfuellungspraemien) Construction Plants (************************************	46,365.0 31,169.0 133,772.0	46,365.0 31,281.0 133,772.0	19,112.0 2,865,681.0 42,750.0 31,535.0 130,406.0	- 3,615.0 ‡ 254.0 - 3,366.0
Excess of social insurance		3,025,196.0 C-R-E-T	3 , 070 ,3 72 . 0	+ 26,064.0 + 6,099.0 + 32,163.0

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"rofitability of Operation:

Main Administration	Achieved 1953	Planned 1954	Achieved 1954
13) gnite	- 2.99	° 2.95	- 7.24
Pot Coel (Steinkolde)	- 36.67	- 45.96	- 44.03
Electrical Power	Water	16.20	† 7°94
URS	40	- 6.67	- 8.07
Auxiliary Establishments	a (o)	↑ 1.22	- 3.11
Sheel Industry	- 26.94	- 27.23	31.07
Annaferrous Metal Industry	- 12.70	- 15.73	- 14.63
Hoavy Chemicals	\$ 22.10	₹ 26.93	¥ 23.78
Manid Fuels Flastics	£ 33.84	\$ 32.12 \$ 30.00	÷ 29.66
General Chemicals	\$ 34.70	\$ 39.85	\$ 37.47 : 20.22
otash & Non-Metallic Mining	† 33.80	£ 41.42	ት 38 .33
Collegical Commission	13.45 1.09	+ 12.85 - 0.10	÷ 10.71
Construction Establishments	P 7003		• 0.55 • 1.70
ACTION OF GROUNDIES OF THE CONTROL O	•	\$ 4.84	+ 4.79
Cinistry Total:	⊱ 8.73	\$ 8.55	\$ 5 .12

2. A comparison of the 1954 figures with those of 1953 does not accurately remarked the earning capacity of the plants since the profitability in 1954 was included by certain cost-increasing factors which were not present in 1953. In part these factors were traceable to legislation and in part to influences over that the plants had no control, i.e.

n) Deterioration of geological conditions with respect to the in Administration for Pit Coal;

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- b) Increased consumption of electrical current from the western currency areas through the Main /dministration for Electrical Power;
- c) Increased production of products by the Main Administrations for the Steel Industry and Non-ferrous Metal Industries which involved an undercoverage of costs (Kostenunterdecking);
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tage Fund:

Through the excess in wages, an excess resulted in the social insurance payments in the amount of second account and account of the amount of

is. The following table represents the wage fund excess payments subdivided to to the control of the Hinistry: (Pigures in thousands of TMM)

ain Administration	kage Fund filmance Flan	k- kage Fund Nork Force Plan	Vago Fund Actually Paid	SExcess -Underpayaen
1 1 1	591,752.0	53 698 1	Sur. 1897.10	
TECOMI - POSTOKOTES)	36 1,064,0	139,890 0	0. 1 8 2, 601	4 3 400 0
westrical (cwer	230,7500	230,0520	227,715.0	2,317.0
:8.8	24,790.0	24,,267.0	24,708.0	4 441.0
eal Industry	439,964.0	430,677.0	441,179.0	10.503.0
on ferrous Netal Industry	y 272,325.0	272,,603,0	279,268.0	6 667 0
ouxiliary Plants	31,596.0	30,857.0	33 , 2440	4 300
eory Chemicala	436 ,8360	433,295.0	140 8497 O	
iquid Fuels	203,208.0	202 ₀ 004_0	202,134,0	\$ \$30 C
lastics	261.,204.0	258 ₃ 936.0	262 ₈ 9 88 .0	√ 4 052 C
Teneral Chemicals	82,491.0	81,421.0	81 ್ಯ328 . ೧	- 93 C
Totash Non-Metallic Mining	145,701.0	146,112.0	V15,230 0	- 380 C
	2,845,124,0	2,813,778.0	2, 4 5, 559 0	⊕ 32, 7 % €
Wages paid outside the Wor	k Force Plans			
Undererfuellungspraemien)		19,112 0	
Construction Plants (ZKB)	46,365.0	46,365.0	2,865,6 81 .0	- 3,615 0
Geological Commission	30, 169.0	31,281 0	31,535.0	4 257 0
) (17年0万 年		133,772 0	120,106.0	364.0
	3,056,448.0	3,025,196.0	3,070, 172.0	» 26,064.0
is as of social insurance	balmen a			0,099,0

₩ 32,163.0

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